

**TOWN OF
GRANT-VALKARIA,
FLORIDA**

**Basic
Financial Statements and
Supplementary Information**

**Year ended
September 30, 2020**

TOWN OF GRANT-VALKARIA, FLORIDA

Official Directory

September 30, 2020

Del Yonts	Mayor
Dan Robino	Vice Mayor
Cathy DeMott	Council Member
Lisette Kolar	Council Member
Tom Sammon	Council Member
Dan Faden	Council Member
Pat Bryan	Council Member
Jason Mahaney	Town Administrator

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Town Council
Town of Grant-Valkaria, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Grant-Valkaria, Florida, ("the Town") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison for the nonmajor funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison for the nonmajor funds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the nonmajor funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

March 31, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**TOWN OF GRANT-VALKARIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

As management of the Town of Grant-Valkaria, Florida (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020.

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$78,627,936 (net position). Of this amount, \$73,950,786 is invested in capital assets, \$928,009 is restricted for fund use, and the remaining amount of \$3,749,141 is unrestricted.
- The Town's total net position decreased by \$1,597,551 from governmental activities.
- The Town's governmental funds reported a combined ending fund balance of \$4,707,861 with a \$1,009,069 increase from the previous fiscal year.
- The 2019 financial statements have been restated to reflect the additional costs for the Valkaria sidewalk funded with a federal grant passed through Brevard County in 2017/2018 as discussed in the financial statements Note I.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

1) Government-wide financial statements (continued)

- The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, transportation, physical environment, and parks and recreation. The Town has no business activities. The government-wide financial statements can be found as listed on the table of contents of this report.

2) Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has only one category of funds: governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains six individual governmental funds and adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided for each major fund to demonstrate compliance with the budget and can be found as listed on the table of contents of this report.

The governmental fund financial statements can be found as listed on the table of contents of this report.

3) Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed on the table of contents of this report.

Government-wide Financial Analysis

The Town's net position is summarized below.

	Governmental Activities		
	2020	2019 (restated)	Difference
Assets			
Current assets	\$ 4,747,402	\$ 3,716,071	\$ 1,031,331
Capital assets	73,950,786	76,550,651	(2,599,865)
Total assets	78,698,188	80,266,722	(1,568,534)
Liabilities			
Current liabilities	39,541	17,279	22,262
Noncurrent liabilities	30,711	23,956	6,755
Total liabilities	70,252	41,235	29,017
Net position			
Net investment in capital assets	73,950,786	76,550,651	(2,599,865)
Restricted for:			
Solid waste	14	14	-
Stormwater	488,780	464,642	24,138
Transportation	435,398	523,389	(87,991)
Other governmental funds	3,817	3,817	-
Unrestricted	3,749,141	2,682,974	1,066,167
Total net position	\$ 78,627,936	\$ 80,225,487	\$ (1,597,551)

The Town's 2020 activities resulted in an increase in unrestricted net position and cash; the Town received significant revenues as reimbursement of prior year costs, and several road resurfacing and other projects were not completed due to a lack of contractor availability. Grading, mulching, and ditch clearing activities delayed until late September resulted in the current liability increase.

About 94% of the Town's net position reflects its net investment in capital assets (Town Hall, sidewalks and roadways). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town's net investment in capital assets decreased due to \$2,835,456 of depreciation offset by additions. The Town's remaining net position includes resources that are subject to external restrictions on how they may be used; \$488,780 is restricted to stormwater drainage projects, \$435,398 is restricted for future road projects, and the remaining balance is for park enhancements.

The \$3,749,141 of unrestricted net position of may be used to meet the Town's ongoing obligations to citizens and creditors.

Analysis of the Town's Operations

The following table provides a summary of the Town's operations for the years ended September 30, 2020 and 2019.

	Governmental Activities		
	2020	2019 (restated)	Difference
Revenues:			
Program revenues:			
Charges for services	\$ 746,291	\$ 684,074	\$ 62,217
Operating grants and contributions	244,234	242,169	2,065
Total program revenues	990,525	926,243	64,282
General revenues:			
Property taxes	514,167	456,023	58,144
Communication service taxes	118,821	110,728	8,093
Franchise fees	251,557	253,711	(2,154)
Transportation impact fees	289,123	-	289,123
Shared revenues	427,680	341,025	86,655
Interest income	22,308	37,798	(15,490)
Other revenues	27,344	94,259	(66,915)
Gain on sale	-	55,076	(55,076)
Donated capital assets	98,280	-	98,280
Total general revenues	1,749,280	1,348,620	400,660
Total revenues	2,739,805	2,274,863	464,942
Expenses:			
General government	582,052	512,064	69,988
Public safety	13,359	12,203	1,156
Transportation	3,132,703	3,243,981	(111,278)
Physical environment	570,354	520,746	49,608
Parks and recreation	38,888	41,357	(2,469)
Total expenses	4,337,356	4,330,351	7,005
Decrease in net position	(1,597,551)	(2,055,488)	457,937
Net position - beginning, restated	80,225,487	82,280,975	(2,055,488)
Net position - ending	\$ 78,627,936	\$ 80,225,487	\$ (1,597,551)

The Town experiences an average annual population growth of 1% which increased development activities, generated increased property values and created an increase in property tax and construction related fee revenue. General revenues increased because of \$289,123 of transportation impact fees received for prior infrastructure improvements, \$39,603 from FEMA for 2017/2018 hurricane damage, \$53,600 from the State of Florida for the completed Town Connector Trail and \$98,280 for road improvements donated to the Town.

General government expenses reflect an increase in the building department's staff costs including a consultant hired to review the Town's land development rules and regulations, and a new website to comply with ADA requirements. A reduction in the resurfacing of paved roads resulted in the transportation cost decrease. The solid waste portion of physical environment expense increased to match solid waste revenue in accordance with the Town's waste removal contract.

Fund Financial Statements

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town of Grant-Valkaria, Florida's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Grant-Valkaria, Florida's financing requirements. Fund balance is composed of non-spendable, restricted, committed, assigned and unassigned fund balances which are described in Note A-13 in the notes to the financial statements. The Fund financial statements are presented on the pages as listed in the table of contents.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of \$4,707,861, as compared to \$3,698,792 for the prior year. The General Fund is the chief operating fund of the Town and reported a total fund balance of \$3,779,861 as of September 30, 2020, as compared to \$2,706,930 as of September 30, 2019. The \$4,707,861 consists of \$9,183 that is non-spendable, \$850,000 that is committed for emergencies, \$150,000 assigned for railroad crossings, and \$2,770,669 that is unassigned.

In addition, the Town utilizes special revenue funds for stormwater projects, solid waste projects, major transportation projects, and the remaining aggregate funds. Restricted fund balances in these special revenue funds total \$928,009 at September 30, 2020.

General Fund Budgetary Highlights

The Town adopted an annual budget for each of its funds for the year ended September 30, 2020. The budget comparison schedules are reflected on the pages as listed on the table of contents. The following information is presented to assist the reader in comparing actual results with budgetary amounts.

The Town's franchise fees revenue exceeded budget by \$31,557 from increased electrical use by the Town's residents. Residential construction permits, plan reviews and zoning modification activities increased in 2020 above anticipated levels, and caused licenses and permits revenue to exceed budget by \$113,540. The Town received \$93,203 of unbudgeted intergovernmental revenue: \$53,600 from the State of Florida, and \$39,603 from FEMA.

The Town's general government expenditures were below budget by \$264,523 because of group health insurance that was not utilized, professional services that were not needed due to project delays, and a delayed software project for online permitting.

Transportation Fund Budgetary Highlights

The Town's transportation fund's intergovernmental actual revenue is \$229,123 over budget due to impact fees received from Brevard County for prior years' roadway and sidewalk projects. Current transportation costs for the sealing and resurfacing of existing paved roads is \$200,000 under budget because of limited contractor availability. The Town's capital outlay budget was for the pavement of several dirt roads using the current and prior years' impact fee revenue. However, because the road pavement process is extensive, the Town elected to complete the pavement of one dirt road through the final update of the property tax rolls before initiating work on the remaining roads. This resulted in actual capital outlay being \$443,780 under budget.

Capital Asset and Debt Administration

- **Capital Assets:** The Town's total investment in capital assets as of September 30, 2020, amounts to \$73,950,786 (net of accumulated depreciation). Current year activity includes an increase for purchased assets totaling \$235,591, and a decrease for depreciation of \$2,835,456.
- **Long-term Debt:** At the end of the current fiscal year, the Town did not have any general long-term outstanding debt.

In 2020, the Town installed a metal roof on the security trailer and paved Lakeside Lane for \$125,647 gain in infrastructure, and received approximately \$98,280 in donated infrastructure in the form of roads: Adkins Ave, Hofbauer Way, and Sand Point Road.

Additional information on the Town's capital assets and Town's long-term liabilities can be found in Note C and D in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town anticipates a steady population growth over the next several years that will create a need for roadway and drainage improvements.

Property valuation has shown a steady increase in the past few years of approximately 8%. The assessed values for 2019-2020, 2018-2019 and 2017-2018, were \$424,687,120, \$397,153,960 and \$364,264,249 respectively. For 2019-2020, the millage rate increased to 1.2484 from 1.1850 in 2018-2019.

These factors were considered in preparing the Town's budget for the 2021 fiscal year. Property tax revenues for 2021 are based on the preliminary assessed property value of \$458,585,966. For 2021, the Town established \$3,085,250 expenditure budget for the Town's entire operations with key components being transportation and drainage projects. The Town budgeted \$843,293 for transportation projects consisting of repaving/restriping existing roads, paving unpaved roads, and completing the missing section of the Valkaria sidewalk. The Town has also budgeted \$270,000 for a new east/west flood prevention ditch, replacement of deteriorating or damaged culvert pipe and headwalls, and additional drainage ditch cleaning.

Request for Information

This financial report is designed to provide a general overview of the Town of Grant-Valkaria, Florida's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the Town of Grant-Valkaria, 1449 Valkaria Road, Grant-Valkaria, Florida 32950.

Town of Grant-Valkaria, Florida

STATEMENT OF NET POSITION

September 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents - unrestricted	\$ 3,758,608
Cash and cash equivalents - restricted	924,178
Prepaid expenses	9,183
Due from other agencies	55,433
Total current assets	<u>4,747,402</u>
Capital assets, not being depreciated:	
Land	145,146
Construction in progress	514
Capital assets, net of accumulated depreciation:	
Buildings	526,813
Equipment	65,826
Vehicle	20,409
Infrastructure	73,192,078
Total capital assets	<u>73,950,786</u>
Total assets	<u>78,698,188</u>
LIABILITIES	
Current liabilities:	
Accounts payable	39,541
Compensated absences due within one year	27,349
Total current liabilities	<u>66,890</u>
Noncurrent liabilities:	
Compensated absences due in more than one year	3,362
Total liabilities	<u>70,252</u>
NET POSITION	
Net investment in capital assets	73,950,786
Restricted for:	
Solid waste	14
Storm water	488,780
Transportation	435,398
Other governmental funds	3,817
Unrestricted	3,749,141
Total net position	<u><u>\$ 78,627,936</u></u>

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2020

<u>Function/Program</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Position</u>
Governmental activities:				
General government	\$ 582,052	\$ 1,782	\$ -	\$ -
Public safety	13,359	240,036	-	-
Transportation	3,132,703	-	154,215	-
Physical environment	570,354	504,473	90,019	-
Parks and recreation	38,888	-	-	-
Total governmental activities	\$ 4,337,356	\$ 746,291	\$ 244,234	\$ -
		General revenues:		
		Taxes:		
		Property taxes		514,167
		Communication service tax		118,821
		Franchise fees		251,557
		Transportation impact fee		289,123
		Shared revenues unrestricted		427,680
		Interest		22,308
		Other revenues		27,344
		Donated capital assets		98,280
		Total general revenues		1,749,280
		Change in net position		(1,597,551)
		Net position - beginning		79,658,493
		Prior period adjustment (Note I)		566,994
		Net position - beginning, restated		80,225,487
		Net position - ending		\$ 78,627,936

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2020

	General Fund	Stormwater Projects Fund	Solid Waste Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents - unrestricted	\$ 3,754,263	\$ -	\$ 14	\$ 514	\$ 3,817	\$ 3,758,608
Cash and cash equivalents - restricted	-	488,780	-	435,398	-	924,178
Prepaid expenses	9,183	-	-	-	-	9,183
Due from other agencies	55,433	-	-	-	-	55,433
Total assets	\$ 3,818,879	\$ 488,780	\$ 14	\$ 435,912	\$ 3,817	\$ 4,747,402
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 39,027	\$ -	\$ -	\$ 514	\$ -	\$ 39,541
Fund balance						
Non-spendable						
Prepaid expenses	9,183	-	-	-	-	9,183
Restricted						
Special revenue funds	-	488,780	14	435,398	3,817	928,009
Committed	850,000	-	-	-	-	850,000
Assigned	150,000	-	-	-	-	150,000
Unassigned	2,770,669	-	-	-	-	2,770,669
Total fund balances	3,779,852	488,780	14	435,398	3,817	4,707,861
Total liabilities and fund balances	\$ 3,818,879	\$ 488,780	\$ 14	\$ 435,912	\$ 3,817	\$ 4,747,402

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2020

Fund balance - total governmental funds		\$ 4,707,861
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Land	\$ 145,146	
Construction in progress	514	
Buildings	526,813	
Equipment and furniture, net	65,826	
Vehicle	20,409	
Infrastructure, net	<u>73,192,078</u>	
		73,950,786
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		<u>(30,711)</u>
Total net position of governmental activities		<u>\$ 78,627,936</u>

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended September 30, 2020

	General Fund	Stormwater Projects Fund	Solid Waste Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 787,203	\$ -	\$ -	\$ -	\$ -	\$ 787,203
Franchise fees	251,557	-	-	-	-	251,557
Intergovernmental	427,680	-	-	289,123	-	716,803
Licenses and permits	240,036	-	-	-	-	240,036
Charges for services	1,782	-	-	-	-	1,782
Interest revenue	22,308	-	-	-	-	22,308
Miscellaneous revenue	27,344	-	-	-	-	27,344
Physical environment charges	-	90,019	504,473	-	-	594,492
	<u>1,757,910</u>	<u>90,019</u>	<u>504,473</u>	<u>289,123</u>	<u>-</u>	<u>2,641,525</u>
EXPENDITURES						
Current						
General government	546,943	-	-	-	-	546,943
Public safety	13,359	-	-	-	-	13,359
Transportation	325,601	-	-	-	-	325,601
Physical environment	-	65,881	504,473	-	-	570,354
Parks and recreation	38,888	-	-	-	-	38,888
Capital outlay	12,761	-	-	124,550	-	137,311
	<u>937,552</u>	<u>65,881</u>	<u>504,473</u>	<u>124,550</u>	<u>-</u>	<u>1,632,456</u>
Excess of revenues over expenditures	820,358	24,138	-	164,573	-	1,009,069
OTHER FINANCING SOURCES AND (USES)						
Transfers in	252,564	-	-	-	-	252,564
Transfers out	-	-	-	(252,564)	-	(252,564)
Total other financing sources and (uses)	<u>252,564</u>	<u>-</u>	<u>-</u>	<u>(252,564)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,072,922	24,138	-	(87,991)	-	1,009,069
Fund balance - beginning	2,706,930	464,642	14	523,389	3,817	3,698,792
Fund balance - ending	<u>\$ 3,779,852</u>	<u>\$ 488,780</u>	<u>\$ 14</u>	<u>\$ 435,398</u>	<u>\$ 3,817</u>	<u>\$ 4,707,861</u>

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended September 30, 2020

Net change in fund balance - total governmental funds	\$	1,009,069
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$	137,311
Depreciation expense		<u>(2,835,456)</u>
		(2,698,145)
<p>Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>		
Donated capital assets		98,280
Compensated absences		<u>(6,755)</u>
Change in net position of governmental activities	\$	<u><u>(1,597,551)</u></u>

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Town of Grant-Valkaria, Florida (the "Town"), was incorporated and organized by a special act of the Florida legislation in 2006 as a municipality with a Mayor and a six-member Council, all of whom are elected by the registered voters of the Town. The Council elects a Vice-Mayor from among its members annually. The Town provides a wide range of services as directed by the Town Charter, including general government, inspections, planning and zoning, and other related general and administrative services for its residents.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments as established by the Governmental Accounting Standards Board ("GASB"). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements as defined in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100, *Defining the Financial Reporting Entity*. The Town did not exercise oversight responsibility over any other potential component units. The financial statements of the Town consist only of the operations of the Town; thus, there are no component units included.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investments in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. Net investment in capital assets is the component of net position that consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes of other borrowings that are attributable to the acquisition, construction and improvements of those assets. Unrestricted net position is the component of net position that does not meet the definition of the other two components.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements report detailed information about the Town's governmental funds. The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and non-major funds are aggregated and presented as a single column on each statement. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting and financial statement presentation (continued)

Property taxes, franchise taxes, licenses and permits, charges for services, fines and forfeitures associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Stormwater Projects Fund - is used to account for revenues received by the Town that are legally restricted for drainage expenditures.

Solid Waste Fund - is used to account for revenues received by the Town that are used for solid waste expenditures.

Transportation Fund - is used to account for revenues received by the Town that are legally restricted for roadway, bicycle, and other transportation projects.

When restricted resources meet the criteria to be available for use and unassigned resources are also available for use, it is the Town's policy to use restricted resources first, and then unassigned resources, as needed.

4. Cash and cash equivalents

Cash and cash equivalents are considered to be cash in banks and certificates of deposit with original maturities of three months or less while maturities greater than three months are considered investments.

5. Investments

The Town has not adopted a formal investment policy and, therefore, the Town's investment activities are governed by Chapter 218 of the Florida Statutes. Florida Statutes authorize the Town to invest in the Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration; obligations of, or obligations of principal and interest of which are unconditionally guaranteed by the United States Government; interest bearing time deposits or savings accounts in banks and savings and loan organized under the laws of the United States; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, or obligations guaranteed by the Government National Mortgage Association; and obligations of the Federal National Mortgage Association. The town has no investments as of September 30, 2020.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Receivables

After reviewing the individual account balances, the Town's management has determined that 100% of receivables are fully collectible based on prior experience with similar types of receivables. Therefore, no allowance for doubtful accounts has been provided.

7. Capital assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost when purchased. Donated capital assets are capitalized at their fair value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives of equipment range from 3-7 years while the estimated useful life of infrastructure assets is 40 years.

8. Compensated absences

The Town records the vested portion of accumulated unused compensated absences, if material, at year-end based on each employee's unused hours and rate of pay, including the Town's share of payroll taxes. All compensated absences are accrued when incurred in the government-wide financial statements as accrued liabilities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

9. Property taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Brevard County Property Appraiser and Brevard County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2020, the Town's millage rate was 1.2484 mills.

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Brevard County Tax Collector incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the school board tax requirements. All property is reassessed according to its fair market value on March 1 of each year.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Property taxes (continued)

Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. The assessed value on October 1, 2019, upon which the 2019-2020 levy was based, was \$424,687,120.

All taxes are due and payable on November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the Brevard County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes are paid in March without discount. Current tax collections, net of discounts taken, for the year ended September 30, 2020, were approximately 97% of the total tax levy.

On or prior to June 1st of each fiscal year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates are held by Brevard County.

10. Interfund transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All interfund transactions are reported as transfers on the fund financial statements, and are eliminated on the governmental-wide financial statements. For the year ended September 30, 2020, transfers totaled \$252,564 from the transportation fund to the general fund.

11. Income tax

The Town qualifies as a tax-exempt entity and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

12. Use of estimates

The preparation of financial statements, in accordance with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in their respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows.

Non-spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as long-term amount of loans, property acquired for resale, as well as unrealized gains.

Restricted Fund Balance - Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council, the Town's highest level of decision making authority. Commitments may only be removed or changed by the Town Council taking the same formal action (resolution) that imposed the constraint originally. At September 30, 2020, the Town has \$850,000 committed for emergency reserves.

Assigned Fund Balance - Amounts that are constrained by the Town's intent to be used for specific purposes that are neither considered restricted nor committed. The authority to assign fund balance lies with the Town Manager. At September 30, 2020, the Town has \$150,000 assigned for railroad crossing replacement.

Unassigned Fund Balance - Amounts that are considered the residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of classifications could be used.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS

The Town's cash and cash equivalents include demand deposits of \$4,421,916 and a certificate of deposit of \$260,870 held at financial institutions.

Custodial Credit Risk. The deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per depositor. Any balance in excess of FDIC insurance is covered by collateral held by the Town's custodial banks, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. At September 30, 2020, the Town's cash and cash equivalent balances were fully insured or collateralized.

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance (restated)	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 145,146	\$ -	\$ -	\$ 145,146
Construction in progress	-	514	-	514
Total capital assets, not being depreciated:	<u>145,146</u>	<u>514</u>	<u>-</u>	<u>145,660</u>
Capital assets, being depreciated:				
Buildings	620,358	11,150	-	631,508
Equipment	130,989	-	-	130,989
Vehicles	24,189	-	-	24,189
Infrastructure	112,195,242	223,928	-	112,419,170
Total capital assets, being depreciated:	<u>112,970,778</u>	<u>235,078</u>	<u>-</u>	<u>113,205,856</u>
Less accumulated depreciation for:				
Buildings	85,969	18,727	-	104,696
Equipment	60,171	4,992	-	65,163
Vehicles	756	3,024	-	3,780
Infrastructure	36,418,378	2,808,713	-	39,227,091
Total accumulated depreciation	<u>36,565,274</u>	<u>2,835,456</u>	<u>-</u>	<u>39,400,730</u>
Governmental activities capital assets, net	<u>\$ 76,550,650</u>	<u>\$ (2,599,864)</u>	<u>\$ -</u>	<u>\$ 73,950,786</u>

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE C - CAPITAL ASSETS (continued)

During the year ended September 30, 2020, depreciation expense of \$2,835,456 was charged to the general government functions of the Town. The beginning balances have been restated due to a prior period adjustment, see Note I for the full explanation.

NOTE D - LIABILITIES

Changes in noncurrent liabilities for the year ended September 30, 2020 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 23,956	\$ 32,435	\$ 25,680	\$ 30,711	\$ 27,349

Historically, compensated absences have been generally liquidated by the general fund.

NOTE E - OPERATING LEASE

The Town leases a copier under an operating lease. For the year ended September 30, 2020, total costs for the copier lease were \$2,307. The future minimum lease payment for this lease are as follows:

Year ending September 30,	Copier
2021	\$ 2,202
2022	2,202
2023	734
Total	\$ 5,138

NOTE F - RETIREMENT PLANS

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 which is administered by ICMA Retirement Corporation. The plan is available to full-time employees and permits employees to defer a portion of their salary until future years. Deferred compensation withdrawals are not available to employees until termination, retirement, death, or an unforeseeable emergency. The Town does not make contributions to this plan. In accordance with current professional pronouncements, the Town has not included such funds in its financial statements.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE F - RETIREMENT PLANS (continued)

Additionally, the Town offers a defined contribution plan (the "Plan") created in accordance with Internal Revenue Service Code Section 401(a) which is administrated by ICMA Retirement Corporation. The Plan provides a portable retirement program for "mobile" administrative, professional and technical employees of local government. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into the new employer's pension plan providing said plan permits rollovers. At September 30, 2020, there were 6 plan members. The Town is required to contribute between 9% and 11% to the Plan of the salaries of the participating employees.

The Town contributed \$27,778 to the Plan for the year ended September 30, 2020. Plan provisions may be amended by the Town Commission. The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the Town has no fiduciary responsibility; therefore, the net position of the Plan is not included in the Town's financial statements.

NOTE G - COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operations, the Town is party to various claims, legal actions and complaints. Some of these matters are covered by the Town's insurance program. While the ultimate effect of any litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the Town's financial position and/or that the Town has sufficient insurance coverage to cover any claims.

NOTE H - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Town is a participant in the Florida League of Cities (a not-for-profit corporation) insurance program for workers compensation, general and auto liability. The insurance program purchases excess and specific coverages from third party carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. Additionally, the Town has purchased commercial property insurance and various other insurance coverage from third parties to cover other risks that the Town may be exposed to. Premiums paid by the Town during the year totaled \$19,263. There have been no significant reductions in insurance coverage during fiscal year 2020. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the last three years.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE I - PRIOR PERIOD ADJUSTMENT

The financial statements reflect a \$566,994 prior period adjustment to correct an error in the capitalized cost of the Valkaria sidewalk. In 2016, the Town established the Valkaria Road project to construct an eight (8) foot wide sidewalk from the Town Hall / Community Park east to Leghorn Road. Funding for the sidewalk's cost was to be a combination of Town funds and a \$559,474 grant from the Florida Department of Transportation ("FDOT"). The FDOT grant was received and disbursed by Brevard County with the Town being a subrecipient. The cost correction is to reflect the \$559,474 of costs funded with the FDOT grant and \$25,778 of Town funded engineering costs less a depreciation correction of \$18,268. If the error had not occurred, the Town would have reflected for the fiscal year ended September 30, 2019; net position - beginning of \$82,280,975, change in net position of \$(2,055,488), net position - ending of \$80,225,487, and capital assets (net of accumulated depreciation), and investment in capital assets of \$76,550,951. The September 30, 2019 activity reflected in the MD&A and Note C - Capital Assets has been restated to reflect the correction of the error.

NOTE J - SUBSEQUENT EVENTS

The Town has evaluated subsequent events through March 31, 2021; the date on which the financial statements were available for issuance, and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Grant-Valkaria, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

Year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 758,825	\$ 758,825	\$ 787,203	\$ 28,378
Franchise fees	220,000	220,000	251,557	31,557
Intergovernmental	354,899	354,899	427,680	72,781
Licenses and permits	126,496	126,496	240,036	113,540
Charges for services	5,875	5,875	1,782	(4,093)
Interest revenue	5,200	5,200	22,308	17,108
Miscellaneous revenue	16,000	16,000	27,344	11,344
	<u>1,487,295</u>	<u>1,487,295</u>	<u>1,757,910</u>	<u>270,615</u>
EXPENDITURES				
Current				
General government	726,830	726,830	512,652	214,178
Public safety	29,195	29,195	13,359	15,836
Transportation	379,850	379,850	325,601	54,249
Parks and recreation	50,025	50,025	38,888	11,137
Capital outlay	16,175	16,175	47,052	(30,877)
	<u>1,202,075</u>	<u>1,202,075</u>	<u>937,552</u>	<u>264,523</u>
Excess of revenues over expenditures	285,220	285,220	820,358	535,138
OTHER FINANCING SOURCES AND (USES)				
Transfers in	60,000	60,000	252,564	192,564
Transfers out	(345,220)	(345,220)	-	345,220
Total other financing sources and (uses)	<u>(285,220)</u>	<u>(285,220)</u>	<u>252,564</u>	<u>537,784</u>
Net change in fund balances	-	-	1,072,922	1,072,922
Fund balances - beginning	2,706,930	2,706,930	2,706,930	-
Fund balances - ending	<u>\$ 2,706,930</u>	<u>\$ 2,706,930</u>	<u>\$ 3,779,852</u>	<u>\$ 1,072,922</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - STORMWATER PROJECTS FUND

Year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Physical environment	\$ 93,573	\$ 93,573	\$ 90,019	\$ (3,554)
EXPENDITURES				
Physical environment	163,800	163,800	65,881	97,919
Net change in fund balances	(70,227)	(70,227)	24,138	94,365
Fund balances - beginning	464,642	464,642	464,642	-
Fund balances - ending	<u>\$ 394,415</u>	<u>\$ 394,415</u>	<u>\$ 488,780</u>	<u>\$ 94,365</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SOLID WASTE FUND

Year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Physical environment	\$ 529,866	\$ 529,866	\$ 504,473	\$ (25,393)
EXPENDITURES				
Physical environment	529,866	529,866	504,473	25,393
Net change in fund balances	-	-	-	-
Fund balances - beginning	14	14	14	-
Fund balances - ending	\$ 14	\$ 14	\$ 14	\$ -

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - TRANSPORTATION FUND

Year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 289,123	\$ 229,123
EXPENDITURES				
Current				
Transportation	200,000	200,000	-	200,000
Capital outlay	567,330	567,330	124,550	442,780
	<u>767,330</u>	<u>767,330</u>	<u>124,550</u>	<u>642,780</u>
Excess (deficiency) of revenues over (under) expenditures	(707,330)	(707,330)	164,573	871,903
OTHER FINANCING SOURCES AND (USES)				
Transfers in	817,330	817,330	-	(817,330)
Transfers out	(110,000)	(110,000)	(252,564)	(142,564)
Net change in fund balances	-	-	(87,991)	(87,991)
Fund balances - beginning	<u>523,389</u>	<u>523,389</u>	<u>523,389</u>	<u>-</u>
Fund balances - ending	<u>\$ 523,389</u>	<u>\$ 523,389</u>	<u>\$ 435,398</u>	<u>\$ (87,991)</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2020

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on an annual basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. The annual operating budget serves as legal authorization for expenditures and proposed means of financing them. The legal level of budgetary control is the department level. The budgets presented for fiscal year ended September 30, 2020 have been adopted according to the Town's procedures.

On or before July 15 of each year, the Town Administrator shall submit a budget in accordance with state law. It shall outline the financial policies of the Town for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in fiscal policy, summarize the Town's fiscal position, and include any other material items as the Town Administrator deems necessary.

The Town Council shall adopt a budget for the ensuing fiscal year by resolution on or before September 30 of each year. The Town Council shall not authorize or allow to be authorized a budget that exceeds the reasonably expected revenue, plus prior year reserves for the ensuing fiscal year.

If at any time during the fiscal year it appears probable to the Town Administrator that the revenues available will be insufficient to meet the amount appropriated in the budget, the Town Administrator shall report to the Town Council without delay. The Town Council shall then take action to prevent or minimize any deficit and for that purpose may, by resolution, reduce one or more appropriations.

The Town Administrator shall have full authority to transfer unencumbered funds between different programs within a department, office, or agency. The Town Administrator shall not have the authority to transfer encumbered funds between departments, offices, or agencies.

The Town Council may, by resolution, transfer or otherwise allocate or reallocate part or all of any unencumbered balance within a department, office, or agency to any other department, office, or agency.

All appropriations shall lapse at the end of the budget year to the extent that such appropriations have not been expended or encumbered, and any appropriation made in one budget year shall not be valid or effective during any subsequent budget year.

SUPPLEMENTAL INFORMATION

Town of Grant-Valkaria, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS**

Year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Capital outlay	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
Deficiency of revenues under expenditures	(30,000)	(30,000)	-	30,000
OTHER FINANCING SOURCES				
Transfers in	30,000	30,000	-	(30,000)
Net change in fund balances	-	-	-	-
Fund balances - beginning	3,817	3,817	3,817	-
Fund balances - ending	<u>\$ 3,817</u>	<u>\$ 3,817</u>	<u>\$ 3,817</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

COMPLIANCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and the Town Council
Town of Grant-Valkaria, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining funds of the Town of Grant-Valkaria, Florida (the "Town"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 31, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

Honorable Members of the Town Council
Town of Grant-Valkaria, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Grant-Valkaria, Florida (the "Town"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 31, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated March 31, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or associated recommendations made in the preceding annual financial audit.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Grant-Valkaria, Florida was established by and is governed per the special law 54.1407 Laws of Florida. There were no component units of the reporting entity to be disclosed in this management letter. Additional legal entity disclosures are included in Note A-1 of the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.566(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

March 31, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

The Honorable Mayor and Town Council
Town of Grant-Valkaria, Florida

We have examined the Town of Grant-Valkaria, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Town of Grant-Valkaria's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Grant-Valkaria's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Town and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

March 31, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP